

FISCAL NOTE

SB 2442 - HB 2857

February 19, 2004

SUMMARY OF BILL: Provides for variable sales tax rate decreases based upon the amount of sales tax collected in FY03-04 relative to collections in FY 02-03. If the state collects \$150,000,000 to \$300,000,000 more, the decrease would be 0.25%. If the state collects \$300,000,000 to \$450,000,000 more, the decrease would be 0.50%. If the state collects \$450,000,000 to \$600,000,000 more, the decrease would be 0.75%. If the state collects over \$600,000,000 more, the decrease would be 1.0% more.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues

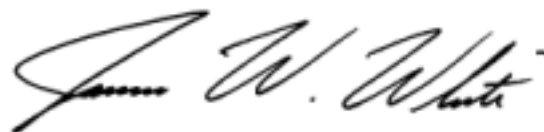
<u>Fiscal Year</u>	<u>Rate</u>	<u>Decrease in Revenue</u>
2005	6.75%	Exceeds \$133,000,000
2005	6.50%	Exceeds \$278,000,000
2005	6.25%	Exceeds \$430,000,000
2005	6.00%	Exceeds \$582,000,000
2006	6.75%	Exceeds \$183,000,000
2006	6.50%	Exceeds \$392,000,000
2006	6.25%	Exceeds \$623,000,000
2006	6.00%	Exceeds \$863,000,000

Estimate assumes:

- Sales tax baseline of \$5,379,300,000 for FY03.
- If sales tax collections for FY04 do not exceed \$5,529,300,000 then there will be no rate reduction.
- Local governments would be held harmless because the 1% tax increase in 2002 dedicated the increase to the general fund.
- FY05 decreases in revenue reflect only 3 quarters due to the September 1, 2004 implementation date of rate changes.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

